

June 14, 2001

**VIA HAND DELIVERY**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, Massachusetts 02210

**RE: Competitive Market Initiatives**

Dear Secretary Cottrell:

Western Massachusetts Electric Company ("WMECO" or the "Company") appreciates the opportunity to provide the Department of Telecommunications and Energy ("Department") with its comments on competitive market initiatives supplementing its comments at the May 31, 2001 technical session held by the Department. The Electric Utility Restructuring Act clearly intended that customers should have choices and provided a limited transition period, at least for Standard Offer customers, to allow for customers to become comfortable with competitively supplied service. Three years of the seven year transition period are now behind us and only a limited number of customers in the Commonwealth are buying electricity from competitive suppliers. It is appropriate for the Department to explore avenues, consistent with Massachusetts' law and Department regulation and precedent, to expand customers' opportunities and to seek the assistance of the distribution companies in making this competitive marketplace readily accessible to both customers and suppliers. WMECO wants to emphasize its support for these efforts to create an environment in which all customers have competitive choices for their energy supply.

**WMECO's Situation**

As WMECO stated at the May 31 technical session, it is positioned differently from the other Massachusetts distribution companies in that both standard offer service and default service are priced at market levels currently. Tr., p. 40. WMECO believes this should facilitate the efforts of competitive suppliers to market their product in western Massachusetts. WMECO's standard offer price is \$0.07258 per kilowatt hour. This price is in effect until

December 31, 2001. Currently, 152,000 or 76 percent of the Company's customers are taking standard offer service. Default service prices for the six-month periods July 1, 2001 through December 31, 2001 and January 1, 2002 through June 30, 2002 were recently approved by the Department. The Company hopes that by making default service prices known for a 12-month period, rather than just a six-month period, will help stimulate customer migration to the competitive market. Currently, 48,000 or 24 percent of the Company's customers are taking default service.

Recently, the Company received notification from a competitive supplier that it will be providing service to 20 accounts in WMECO's service territory starting with the June cycle meter read date. This perhaps is an indication that competitive supply activity in WMECO service territory is going to accelerate.

### **WMECO's Efforts to Assist the Development of a Competitive Marketplace**

As with the other Massachusetts distribution companies, WMECO has participated in the development and delivery of training for competitive suppliers, established websites to provide suppliers with important business information, and has established a Supplier Relations function to serve as the primary communications link between suppliers and the Company. Supplier Relations has successfully worked with competitive suppliers to develop services to aid supplier entry into the marketplace. With this background, the Company offers its comments on two options that it is prepared to offer Massachusetts suppliers in the near future.

#### Customer Forum

As discussed by Ms. Kuhlman and Ms. Bartosewicz at the May 31 technical session, WMECO is in the process of scheduling a customer forum where our large customers can meet suppliers ready to provide service. Tr., p. 42 and p. 66. This "Supplier Fair" is planned for this Fall in the Springfield area. WMECO plans to extend invitations to all suppliers and brokers registered with the Department and to our largest 500 C&I customers. WMECO will facilitate this interaction by providing customer load data for use in discussions with suppliers. Throughout the day, WMECO will also offer seminars on various topics, such as the Company's "The Right Tools to Manage Costs in Today's Electric Market" and "Preparing to Shop" workshops. In addition to this Supplier Fair, WMECO is willing to participate in any regional customer forums either inside or outside of its service territory to help with this process.

#### Third-Party Mailing

As discussed by Ms. Kuhlman and Ms. Bartosewicz at the May 31 technical session, WMECO has successfully completed a third-party mailing and is ready to offer this service to all suppliers. Tr., p. 42 and p. 67. In March of this year, WMECO mailed marketing information to a select group of commercial and industrial customers receiving default service on behalf of the Company's default service supplier. The Company performed this service at the

cost of the labor to prepare the mailing list. WMECO exercised no editorial control over the content of the information mailed.

The advantages of this option, compared to bulk customer lists, are three-fold. First, it allows suppliers to target their offerings to the customers that they wish to serve. For example, suppliers could target commercial customers on Rate T-2, the large primary time-of-use rate for customers with annual maximum loads greater than 349 kW, taking default service. Second, customers responding to this type of mailing are “qualified leads” for the supplier’s service. This allows suppliers to focus only on interested customers, reducing the supplier’s going forward marketing costs. Third, this service reduces customer confidentiality concerns because the Company does not release any customer information to the supplier. The customer will provide its contact and load information only to suppliers it wants to have that information. This should eliminate any customer confidentiality concerns. WMECO is prepared to file with the Department a tariff to provide these services to suppliers for review and approval by the end of June.

#### Other Proposals

There were a number of other proposals discussed at the May 31 technical session. WMECO will not offer specific comments on those at this time. It is the Company’s opinion that both customers’ and suppliers’ interests will be best served if the Department allows a number of pilot programs to be offered. Data can then be collected, analyzed and shared by the Department, the distribution companies and interested suppliers. A joint determination can be made on what programs were successful or what additionally needs to be done to make those programs successful before more widespread implementation.

Respectfully submitted,

Anne Bartosewicz  
Manager, Regulatory Policy -  
Massachusetts